

**Yadkin County Board of Commissioners
Minutes from Recessed Meeting - Budget Work Session
June 22, 2009**

Members Present

Chad Wagoner - Chairman
Kevin Austin - Vice-Chairman
Tommy Garner - Commissioner
David Moxley - Commissioner
Brady Wooten - Commissioner

Staff Present

Stan Kiser - County Manager
Jim Graham - County Attorney
Sheron Church - Finance Director
Gina Brown - County Clerk

Additional Staff Present

Mike Reavis - Public Health Director
Trish Belton - Health Department Finance
Eddie Wooten - DSS Director
Renee Hunter - DSS Finance
Kim Cain - HR Director

The Yadkin County Board of Commissioners reconvened in the Commissioners' Meeting Room of the Human Resources Building at 217 East Willow Street, Yadkinville, North Carolina in order to discuss the proposed budget for 2009-2010 and other business items. Chairman Wagoner called the meeting back to order at 6:35pm.

General Business

(1) Mark Brandon of WN Ireland Insurance appeared before the Board to review the proposed property and casualty insurance policy. Mr. Brandon addressed suggestions that there may be gaps in the proposed coverage. Mr. Brandon assured the Board that the proposed policy provides adequate protection on all County property, including the 5D reservoir.

(2) County Manager Kiser presented a budget amendment for an increase in professional services. County Manager Kiser stated that professional services, such as legal expenses for zoning cases, cannot be easily predicted. It was noted that these debts have already been paid. Commissioner Wooten prefers

that budget amendments be approved prior to the expenditure. County Manager Kiser reported that the necessary budget amendments would be presented at the time the request is made from this point forward.

Commissioner Garner made a motion to approve the budget amendment for professional services as presented. Commissioner Moxley second.

Vote: 4/1 (Wooten against)

[Budget Amendment is attached as Addendum A]

(3) Attorney Graham reported that a ruling from Judge Craig on the jail zoning issue had been received. Attorney Graham, Attorney Mike Phillips, and Chairman Wagoner had received a letter from Judge Craig outlining his decision. Judge Craig ruled in favor of the County. Attorney Mike Phillips is out of town at this time but an order for the judge's signature will be completed upon his return. Commissioner Wooten asked Chairman Wagoner if he routinely received information from Attorney Phillips that the remainder of the members did not receive. Chairman Wagoner remarked that this forwarded email from Attorney Phillips is the first and only piece of information received. Board members were provided a copy of the letter. Vice Chairman Austin asked Attorney Graham what the County could expect next. Attorney Graham stated that the ruling can be appealed but that Judge Craig offered his ruling in such a manner that an appeal is unlikely to overturn his ruling.

[Letter from Judge Craig is attached as Addendum B]

Budget

Motions that remain on the table from the meeting of June 17, 2009...

Chairman Wagoner made a motion to accept the budget as presented by County Manager Kiser with noted adjustments from prior budget meetings and an additional \$650,000 for Yadkin County Schools, designating \$400,000 for current expense and \$250,000 for capital outlay with regard to start-up costs of the middle schools. Commissioner Moxley second.

Vice Chairman Austin made a substitute motion to adopt the budget as presented by County Manager Kiser with noted adjustments from prior budget meetings and an additional \$400,000 for current expense and \$250,000 for capital outlay for Yadkin County Schools; a maximum of \$1,000,000 appropriated from fund balance; a reduction in the tax rate to \$0.73; and the necessary cuts to meet these amounts. Commissioner Wooten second.

Commissioner Wooten offered the following motion at this time...

Commissioner Wooten made a motion to amend the substitute motion of Vice Chairman Austin abandoning the jail project in order to provide the necessary revenues and allow the decrease in the tax rate to \$0.73. Motion failed for a lack of second.

Vice Chairman Austin made a motion calling for the division of his original substitute motion into 3 individual actions: (1) reducing the tax rate to \$0.73; (2) additional appropriation to Yadkin County Schools of \$650,000, designating \$400,000 for current expense and \$250,000 for capital outlay for the start-up of the middle schools; and (3) a maximum of \$1 million appropriated from fund balance. Commissioner Garner second. Attorney Graham questioned the propriety of dividing the motion into individual parts. Commissioner Wooten referred to Robert's Rules of Order which does allow the division of a motion if approved by the majority. Vice Chairman Austin commented that addressing each item individually will advance discussion and potentially prevent a stalemate.

Vote: 2/3

(Motion failed with Garner, Moxley, and Wagoner against)

Commissioner Wooten made a motion to amend the substitute motion of Vice Chairman Austin by eliminating \$1660 from Governing Body... As

Commissioner Wooten intended to review over 400 individual line items, Attorney Graham called this action out of order. Chairman Wagoner asked Commissioner Wooten to announce the total changes that he proposes. County Manager Kiser pointed out that a reduction in expenses of \$1.23 million would be required to meet the proposed motion by Vice Chairman Austin.

Commissioner Wooten replied that removing \$871,000 from capital reserve and \$512,000 from debt service relating to the jail project would be sufficient.

Commissioner Wooten withdrew his motion.

Commissioner Wooten made a motion to amend the substitute motion of Vice Chairman Austin to remove \$871,000 from capital reserve in order to reconcile the reduction in the tax rate to \$0.73 and requiring less appropriation from fund balance. Vice Chairman Austin second. County Manager Kiser noted that the project ordinance for the jail project specifically reserves this \$871,000. Vice Chairman Austin remarked that the \$871,000 may not be needed considering the low construction bids. Vice Chairman Austin stated that a fair amount of contingency exists on the jail project as well. Further, Vice Chairman Austin noted other funds in capital reserve. Vice Chairman Austin stated that it was obvious that members of this Board were

unwilling to shelve the jail project and that other means of reducing the budget must be identified. Commissioner Garner stated that he, Commissioner Moxley, and Commissioner Wagoner all see the benefit of the new jail and do not want to lose the opportunity as a previous Board did with the prison camp. Commissioner Wooten stated that conversations regarding the jail will continue into the next year. Vice Chairman Austin stated, leaving emotion out of the issue, the jail project should be placed on hold until the economy begins to recover. Chairman Wagoner noted that it is even more important for Yadkin County to continue with the jail construction considering that surrounding counties have delayed their jail projects.

Commissioner Garner called for the question on the motion to amend the substitute motion of Vice Chairman Austin to remove \$871,000 from capital reserve in order to reconcile the reduction in the tax rate to \$0.73 and requiring less appropriation from fund balance.

Vote: 3/2 (Austin and Wooten against)

(Fails without a 2/3 majority - Discussion continues)

Vice Chairman Austin referred to other capital reserve funds and questioned the availability of these funds. Finance Director Church explained that capital reserve is somewhat similar to a savings account and that these funds have been set aside for specific projects. If these funds are drained, they would have to be replaced at some point.

Commissioner Wooten suggested that all motions on the table be withdrawn and an interim budget be adopted. Budget discussions could then continue when Chairman Wagoner returns from vacation. No action was taken.

Vice Chairman Austin questioned stimulus money awarded to Yadkin County Schools and how that was applied to the budget. Commissioner Wooten suggested that the \$1.9 million of stimulus funds could be applied to current expense. County Manager Kiser offered that a reduction in the tax rate would be possible in a better economy and with a self-sustaining hospital, but a tax rate decrease would not be wise in the coming budget year. Chairman Wagoner commented that the purpose of County Government is not to lower the tax rate but to provide the necessary services for its residents. Chairman Wagoner noted that a \$0.03 reduction in the tax rate applied to a home of \$120,000 would result in a savings of \$36. Chairman Wagoner reiterated his belief that this \$0.03 is not cumbersome to the majority of the taxpayers. Commissioner Moxley noted the low interest rate and low construction bids on the jail project. If the jail project was shelved and the tax rate decreased, Commissioner Moxley questioned how the County would fund the project when it is underway. Vice

Chairman Austin replied that interest rates are not tied to the economy. Commissioner Wooten offered that the jail project may have been overly projected considering that bids were well below expectations.

There were questions regarding the amount of discussion on an individual motion. Commissioner Wooten, referring to Robert's Rules of Order, stated that small boards have no limit on the discussion of a motion. Chairman Wagoner suggested that Vice Chairman Austin and Commissioner Wooten were continuing the discussion simply to delay the adoption of the budget. Vice Chairman Austin stated that there remains budget issues that have not received due consideration. Vice Chairman Austin stated that some members of the Board were not willing to consider other options. Chairman Wagoner stated he had no need to review other options as he is pleased with the budget presented by the County Manager and feels it is in the best interest of the County to proceed as is. Commissioner Wooten stated that there were areas of the budget that needed review and adjustment. Chairman Wagoner questioned Attorney Graham on the procedures for moving forward from a stalemate. Attorney Graham pointed out that the Chairman has the right to end discussion when the Chairman feels that discussion has been adequate and that further discussion is a planned tactic of delay. Commissioner Wooten disagreed. Commissioner Wooten, referencing Robert's Rules of Order, stated that there is no limit to the amount of discussion. Further, if the Chairman calls the question and the action fails, discussion may continue.

Commissioner Wooten referred to the proposed budget for Administrative Expense. The 2009-2010 proposed budget for this item has risen to \$261,000 compared to \$213,846 in the 2005-2006 fiscal year. Commissioner Wooten questioned what additional services have been provided to the citizens as a result of this increase. It was pointed out that the salaries of the most recent and current county managers account for the majority of the increase in expense.

Commissioner Wooten withdrew his amended motion. Vice Chairman Austin withdrew his second.

Commissioner Wooten made a motion to amend the substitute motion of Vice Chairman Austin to apply \$876,496 of capital reserve to the budget reducing the appropriation from fund balance and apply \$141,057 from capital reserve to the proposed \$650,000 additional allocation for Yadkin County Schools. Vice Chairman Austin second. Vice Chairman Austin stated that the result would be an appropriation from fund balance of \$470,205. Commissioner Wooten stated that \$1.2 million in cuts would be necessary to reduce the tax

rate to \$0.73. County Manager Kiser offered that a total of \$1,017,000 would be the appropriation from fund balance in this proposal by Commissioner Wooten. Finance Director Church clarified that the \$876,496 in capital reserve was initially set aside to pay down school debt.

Vice Chairman Austin spoke of the AARA stimulus funds. These funds are restricted to staffing, professional development, technology, and educational materials. These stimulus funds could be used to offset expenditures in the existing budget of Yadkin County Schools.

Chairman Wagoner paused the discussion to allow other County staff members the opportunity to exit the meeting if desired.

Chairman Wagoner called for a recess at 8:35pm. Meeting reconvened at 8:53pm.

Vice Chairman Austin commented that the hospital needs are unknown, the closing of the landfill is not an immediate need, and the Board should first deal with issues that are before them. Vice Chairman Austin remarked that the current motion is a safe use of rainy day funds.

Vice Chairman Austin called for the question on Commissioner Wooten's motion to amend the substitute motion of Vice Chairman Austin to apply \$876,496 of capital reserve to the budget reducing the appropriation from fund balance and apply \$141,057 from capital reserve to the proposed \$650,000 additional allocation for Yadkin County Schools.

Vote: 4/1 (Wagoner against)

Discussion is closed and the vote is required on the current motion on the table...

Commissioner Wooten made a motion to amend the substitute motion of Vice Chairman Austin to apply \$876,496 of capital reserve to the budget reducing the appropriation from fund balance and apply \$141,057 from capital reserve to the proposed \$650,000 additional allocation for Yadkin County Schools.

Vote: 2/3

(Motion failed with Garner, Moxley, and Wagoner against)

Motions remaining on the table at this time...

Chairman Wagoner made a motion to accept the budget as presented by County Manager Kiser with noted adjustments from prior budget meetings and an additional \$650,000 for Yadkin County Schools, designating \$400,000 for current expense and \$250,000 for capital outlay with regard to start-up costs of the middle schools. Commissioner Moxley second.

Vice Chairman Austin made a substitute motion to adopt the budget as presented by County Manager Kiser with noted adjustments from prior budget meetings and an additional \$400,000 for current expense and \$250,000 for capital outlay for Yadkin County Schools; a maximum of \$1,000,000 appropriated from fund balance; a reduction in the tax rate to \$0.73; and the necessary cuts to meet these amounts. Commissioner Wooten second.

Vice Chairman Austin offered the following motion at this time...

Vice Chairman Austin made a motion to amend his earlier substitute motion by reducing the additional funds to Yadkin County Schools to \$300,000 for operating expense. Commissioner Wooten second. Vice Chairman Austin stated that stimulus dollars should fund the library needs of the schools and other operating costs. Chairman Wagoner pointed out that these figures may already be incorporated into the budget for Yadkin County Schools. Vice Chairman Austin asked if other Board members had thoughts on this issue. Vice Chairman Austin suggested that further discussion be postponed until school representatives could be present to address stimulus funds and other budget concerns. Commissioner Moxley reviewed data from budgets presented in February by the school board. County Manager Kiser reported that ADM and lottery funds were confirmed by the State for County budgeting purposes. To accept the amendment to the substitute motion - Vote: 3/2 (Moxley and Wagoner against)

Current motions remaining on the table...

Chairman Wagoner made a motion to accept the budget as presented by County Manager Kiser with noted adjustments from prior budget meetings and an additional \$650,000 for Yadkin County Schools, designating \$400,000 for current expense and \$250,000 for capital outlay with regard to start-up costs of the middle schools. Commissioner Moxley second.

Vice Chairman Austin made a substitute motion to allocate an additional \$300,000 to Yadkin County Schools for operating expense; to appropriate a maximum of \$1 million from fund balance; and to reduce the tax rate to \$0.73. Commissioner Wooten second.

Commissioner Wooten remarked that Chairman Wagoner and County Manager Kiser should be assigned the task of identifying the appropriate cuts to fulfill this action. Chairman Wagoner stated he would not take on that task and that County Manager Kiser had done his due diligence at the point the budget was presented.

Vice Chairman Austin made a motion to amend the substitute motion by allocating \$141,057 of school sales tax to the additional \$300,000 for Yadkin County Schools and allocating \$376,496 of capital reserve to reduce the appropriation from fund balance for a total of \$517,553. Commissioner Wooten second.

**To accept the amendment to the substitute motion - Vote: 2/3
(Motion failed with Garner, Moxley, and Wagoner against)**

Vice Chairman Austin asked other members of the Board if they could suggest a number that would be acceptable. Chairman Wagoner remarked that the current \$0.76 tax rate and an additional appropriation of \$650,000 to Yadkin County Schools was his suggestion. The current motion on the table was reviewed. County Manager Kiser reported that this motion would require \$887,758 in cuts from the proposed budget. Commissioner Wooten asked for the equivalent of 1% per department. County Manager Kiser estimated that 1% would equate to \$150,000 per department.

**Vice chairman Austin made a motion to amend the substitute motion to allocate \$141,057 of the school sales tax to the additional \$300,000 appropriation to Yadkin County Schools. Commissioner Wooten second.
To accept the amendment to the substitute motion - Vote: 2/3
(Motion failed with Garner, Moxley, and Wagoner against)**

Vice Chairman Austin stated that these discussions have become comical. Further, Vice Chairman Austin remarked that three of the Board members are unwilling to compromise. Vice Chairman Austin believes that he and Commissioner Wooten are suggesting realistic opportunities for Yadkin County. Further, Vice Chairman Austin believes that the Board has no right to assume what monies the citizens have available to spend. The Board has a responsibility to do the very best possible at the very least expense. Commissioner Moxley stated that lowering the tax rate would be great for the citizens, but removing

funds from capital reserve is not a viable solution. Funds from capital reserve would have to be replaced at some point.

Commissioner Wooten suggested that the Board sponsor a referendum allowing citizens the opportunity to make decisions on budget matters. Chairman Wagoner responded that citizens had the opportunity to have their voice heard every 2 years when commissioners are elected. As a commissioner, part of Chairman Wagoner's responsibility is to approve a budget for the County.

Chairman Wagoner called for the question on Vice Chairman Austin's substitute motion to allocate an additional \$300,000 to Yadkin County Schools for operating expense; to appropriate a maximum of \$1 million from fund balance; and to reduce the tax rate to \$0.73.

**Vote: 3/2 (Austin and Wooten against)
(Fails without a 2/3 majority - Discussion continues)**

Attorney Graham reported that Board members cannot continue to delay a vote when it is apparent that there is a majority already established. The Chairman recognizes the delay and has the right to call for the vote.

Commissioner Wooten made a motion to amend the substitute motion by cutting \$10,784 from the budget of the Tax Assessor. Vice Chairman Austin second. Attorney Graham determined this motion as frivolous and out of order. Commissioner Wooten asked for verification from Robert's Rules of Order.

**To accept the amendment to the substitute motion - Vote: 2/3
(Motion failed with Garner, Moxley, and Wagoner against)**

Commissioner Wooten made a motion to amend the substitute motion by eliminating \$20,784 from the budget of the Tax Assessor. Vice Chairman Austin second.

**To accept the amendment to the substitute motion - Vote: 2/3
(Motion failed with Garner, Moxley, and Wagoner against)**

When comparing previous year budgets, Commissioner Wooten asked what services have been added in various departments as a result of increased spending. Commissioner Wooten asked what services would be cut if the tax rate was reduced. County Manager Kiser reported that there is not a great deal of capital expenditures in the budget. Non-departmental expenditures and debt service cannot be cut. In order to cut the budget, there would be a loss of staff or supplies. Commissioner Garner remarked that staff cannot provide the services without the proper supplies and equipment. Commissioner Wooten questioned the budget of land sales. Finance Director Church explained this

item represents a percentage paid to Attorney Graham for the collection of unpaid taxes. Attorney Graham remarked that a reduction in this figure would mean a reduction in tax collections.

Commissioner Wooten made a motion to postpone this meeting indefinitely until issues can be resolved. Vice Chairman Austin second. County Manager Kiser pointed out that a budget is simply an estimate of the services demanded. Fuel costs for EMS could be cut in half. However, if additional fuel expenses are incurred later in the budget year, those expenses would have to be amended or emergency services could not be provided. The County budget is demand-driven. Commissioner Wooten stated that the tax rate is not an estimated number. In this case, Vice Chairman Austin suggested that a tax rate of \$0.73 would be acceptable for the proposed spending. County Manager Kiser reiterated that County debt has increased over 400% and is the major factor of the budget. Commissioner Wooten added that start-up costs for a new jail will be a factor in the next budget cycle. Further, Commissioner Wooten commented that decisions made on this proposed budget will impact future budgets. Chairman Wagoner stated this is precisely why decreasing the tax rate would be detrimental. Commissioner Wooten feels that the Board should recess and give careful consideration to these budget discussions and talk with each other individually for resolution.

Chairman Wagoner questioned Attorney Graham on the authority of the Chair to call for the vote. Attorney Graham offered that the Chairman could rule these proceedings as dilatory and call for the vote. Commissioner Wooten disagreed.

Current motion on the floor...

Commissioner Wooten made a motion to postpone this meeting indefinitely until the issues can be resolved. Vice Chairman Austin second.

Vote: 2/3 (Garner, Moxley, and Wagoner against)

Vice Chairman Austin made a motion to amend the substitute motion eliminating a restriction on fund balance, reducing the tax rate to \$0.73, and allocating an additional \$300,000 to Yadkin County Schools. Commissioner Wooten second.

**To accept amendment to the substitute motion - Vote: 2/3
(Motion failed with Garner, Moxley, and Wagoner against)**

Commissioner Wooten made a motion to amend the substitute motion by restricting the appropriation from fund balance to \$1 million, reducing the tax rate to \$0.73, and allocating no additional funds to Yadkin County Schools. Vice Chairman Austin second. Commissioner Moxley commented that the reduced tax rate minus any additional funds for the schools still leaves an appropriation from fund balance of \$1.4 million.

To accept the amendment to the substitute motion - Vote: 2/3
(Motion failed with Garner, Moxley, and Wagoner against)

Commissioner Wooten made a motion to adjourn to a future date. Vice Chairman Austin second.

Vote: 1/4

(Motion failed with Austin, Garner, Moxley, and Wagoner against)

Commissioner Wooten stated that a motion was needed, at the very least, to establish a time to recess tonight's meeting.

Chairman Wagoner made a motion to adjourn this meeting no later than 6:00am on Tuesday, June 23, 2009. Commissioner Moxley second.

Vote: 5/0

Chairman Wagoner called for a recess at 10:20pm. Meeting resumed at 10:37pm.

Commissioner Wooten made a motion to amend the substitute motion removing the additional allocation of \$300,000 to Yadkin County Schools. Vice Chairman Austin second.

Commissioner Wooten withdrew his motion. Vice Chairman Austin withdrew his second.

Commissioner Wooten made a motion to amend the substitute motion by allocating an additional \$1000 to Yadkin County Schools and removing the restriction on the fund balance. Vice Chairman Austin second.

To accept the amendment to the substitute motion - Vote: 3/2
(Garner and Wagoner against)

Current motions remaining on the table...

Chairman Wagoner made a motion to accept the budget as presented by County Manager Kiser with noted adjustments from prior budget meetings and an additional \$650,000 for Yadkin County Schools, designating \$400,000 for current expense and \$250,000 for capital outlay with regard to start-up costs of the middle schools. Commissioner Moxley second.

Vice Chairman Austin made a substitute motion to adopt the budget as presented by County Manager Kiser with noted adjustments from prior budget meetings and an additional \$1000 for Yadkin County Schools; no restriction on the amount appropriated from fund balance; and a reduction in the tax rate to \$0.73. Commissioner Wooten second.

Commissioner Moxley made a motion to amend the substitute motion by allocating an additional \$1000 to Yadkin County Schools, no restriction on the amount appropriated from fund balance, and a reduction in the tax rate to \$0.74. Commissioner Wooten second.

To accept the amendment to the substitute motion - Vote: 4/1
(Wagoner against)

Current substitute motion on the table...

Commissioner Moxley made a substitute motion to allocate an additional \$1000 to Yadkin County Schools, no restriction on the amount appropriated from fund balance, and a reduction in the tax rate to \$0.74. Commissioner Wooten second.

Vice Chairman Austin called for the question. Commissioner Wooten second.
Vote: 4/1 (Wagoner against)

Discussion ended.

To accept the substitute motion of Commissioner Moxley - Vote: 4/1
(Wagoner against)

Final motion remaining on the table...

Commissioner Moxley made a motion to adopt the budget as presented by the County Manager with noted changes from earlier discussions with an additional allocation of \$1000 to Yadkin County Schools, a reduction in the tax rate to \$0.74, and no restriction on the appropriation from fund balance.

Commissioner Wooten second. Chairman Wagoner remarked that this motion does not allocate enough funds to Yadkin County Schools. There is no clear understanding of how stimulus funds were applied to the school budget. Chairman Wagoner had sincerely hoped for at least an additional amount of \$650,000. Further, Chairman Wagoner believes that lowering the tax rate at this time is a mistake. Chairman Wagoner believes the budget, as proposed by this motion, is in error.

Vote: 4/1 (Wagoner against)

Vice Chairman Austin made a motion to adjourn. Commissioner Moxley second.

Vote: 5/0

Meeting adjourned at 11:16pm.

Prepared by Clerk to the Board

Date Approved by the
Yadkin County Board of Commissioners